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Security Council Committee established pursuant to resolution 1737 (2006)

Note verbale dated 9 August 2010 from the Permanent Mission of France to the United Nations addressed to the Chairman of the Committee

The Permanent Mission of France to the United Nations has the honour to transmit to the Chairman of the Security Council Committee established pursuant to resolution 1737 (2006) the report on measures taken by France with a view to implementing Security Council resolution 1929 (2010) (see annex).

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Annex to the note verbale dated 9 August 2010 from the Permanent Mission of France to the United Nations addressed to the Chairman of the Committee

Report of France to the Security Council Committee established pursuant to resolution 1737 (2006)

Implementation of Security Council resolution 1929 (2010)

In paragraph 31 of its resolution 1929 (2010) of 9 June 2010, the Security Council "Calls upon all States to report to the Committee within 60 days of the adoption of this resolution on the steps they have taken with a view to implementing effectively paragraphs 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 21, 22, 23 and 24".

In accordance with these provisions and following the adoption by the European Union (EU) of a relevant decision, France wishes to bring to the Committee's attention the following additional information on the measures taken to implement the resolution.

These measures fall within the broader framework of strengthening EU action in combating proliferation, formalized in the "New lines for action by the European Union in combating the proliferation of weapons of mass destruction and their delivery systems". This document, adopted in 2008 under the French presidency of the European Union, is aimed at strengthening the implementation of the 2003 EU Strategy against the Proliferation of Weapons of Mass Destruction. It contains new proposals in the areas of evaluating threats, controlling exports, combating the financing of proliferation, and monitoring access to sensitive training. France actively supports the implementation of the new lines for EU action in combating proliferation.

France is therefore collectively implementing the provisions of Security Council resolution 1929 (2010) within the framework of decision 2010/413/CFSP of 26 July 2010 concerning restrictive measures against Iran, adopted by the Council of the European Union. This document repeals Common Position 2007/140/CFSP implementing Security Council resolution 1737 (2006). It provides for implementation of the provisions of Security Council resolution 1929 (2010) at the EU level, while broadening their scope in many areas.

A regulation for its direct and immediate implementation will be adopted following the summer of 2010 to apply the provisions of decision 413. No additional measure for issuance at the national level is therefore required.

I. Ban on investment in nuclear and ballistic activities: implementation of paragraph 7 of Security Council resolution 1929 (2010)

Decision 413 prohibits Iran, its nationals or entities acting at their direction from investing in any commercial activity involving uranium mining, nuclear technologies or ballistic activities in territory under the jurisdiction of EU member States (article 5).

II. Embargo on arms and related materiel: implementation of paragraph 8 of Security Council resolution 1929 (2010)

Decision 413 includes a complete embargo on the direct or indirect supply, sale or transfer of arms and related materiel of all types, including small arms and

light weapons (article 1.1.c of the decision). This broadening of the scope of the sanctions imposed by Security Council resolution 1929 (2010) was in force in previous European Union sanctions.

Decision 195/39 also prohibits the supply of any technical assistance or training related to these items, goods, equipment and technology (article 1.3.a).

III. Embargo on nuclear and ballistic materials: implementation of paragraphs 13 and 9 of Security Council resolution 1929 (2010)

Decision 413 broadens the embargo on nuclear and ballistic materials to include the updated lists of the Nuclear Suppliers Group and the Missile Technology Control Regime by banning the direct or indirect supply, sale or transfer to Iran of these items, materials, equipment, goods and technologies pursuant to paragraph 13 of Security Council resolution 1929 (2010) (article 1.1.a).

The decision also prohibits any transfer of technology or technical assistance related to these items.

IV. Inspection of cargo being transported to or from Iran: implementation of paragraphs 14, 15, 16 and 18 of Security Council resolution 1929 (2010)

Pursuant to paragraph 14 of Security Council resolution 1929 (2010), decision 413 requires member States to inspect cargo to and from Iran in their territory (including seaports, airports and territorial waters) which may contain items covered by the embargos imposed by this same decision (article 15.1).

Implementing paragraph 15 of the resolution, the decision also notes that member States must cooperate with such inspections. These may be carried out on the high seas on vessels flying the flags of EU member States (article 15.2).

Member States must seize and dispose of cargo banned under decision 413, pursuant to paragraph 16 of Security Council resolution 1929 (2010) (article 15.5 of the decision).

The decision prohibits member States from providing bunkering or ship supply services or other servicing of vessels suspected of transporting banned cargo, pursuant to paragraph 18 of Security Council resolution 1929 (2010) (article 15.6 of the decision).

Moreover, decision 413 broadens the scope of these restrictions to include aircraft and ships transporting freight to or from Iran.

V. Measures involving the financial sector: implementation of paragraphs 21, 22, 23 and 24 of Security Council resolution 1929 (2010)

In order to prevent the provision of financial services, including insurance and reinsurance services, which could contribute to banned activities by Iran on the territory of member States (paragraph 21 of Security Council resolution 1929 (2010)), decision 413 requires member States to exercise enhanced monitoring over all the activities of financial institutions within their jurisdiction, within banks, agencies and subsidiaries domiciled in Iran or within the jurisdiction of Iran, and prohibits the provision of insurance and reinsurance services to the Government of Iran and to entities associated with it (article 10.1 and 10.2 and article 12).

In implementing paragraph 22 of Security Council resolution 1929 (2010), member States require their nationals or enterprises within their jurisdiction to exercise special vigilance when doing business with entities incorporated in Iran or subject to Iran's jurisdiction, including those of the Islamic Revolutionary Guard Corps and Islamic Republic of Iran Shipping Lines, as well as with entities associated with them (article 14 of the decision).

Implementation of the ban on opening subsidiaries of Iranian banks abroad greatly broadens the scope of the provisions adopted in paragraph 23 of Security Council resolution 1929 (2010). The following are prohibited in the territory of member States: the opening of any branches, subsidiaries or representative offices of Iranian banks, the establishment of any new joint ventures and the establishment of any correspondent banking relations, regardless of the entity involved and without regard for the risk that it may contribute to banned activities (article 11.1 of the decision).

Similarly, and pursuant to paragraph 24 of Security Council resolution 1929 (2010), financial institutions within the territory of member States or under their jurisdiction shall be prohibited from opening representative offices in Iran, regardless of the risk of their potential contribution to prohibited activities (article 11.2).

VI. Prohibition on entry into territory and freezing of financial and economic assets: implementation of paragraphs 10, 11, 12 and 19 of Security Council resolution 1929 (2010)

The decision referred to above places a ban on entry into or passage through the territory of member States by individuals designated by the Security Council in prior resolutions or in paragraph 10 of Security Council resolution 1929 (2010) (article 19.1.a). The decision significantly adds to the list of such individuals, in particular, to include some members of the Islamic Revolutionary Guard Corps designated by the Security Council or by the Committee (article 19.1.b).

The decision calls for the freezing of all funds and economic resources belonging to persons and entities designated by the Security Council in prior resolutions and in paragraphs 11 and 12 of Security Council resolution 1929 (2010), in particular, persons and entities belonging to the Islamic Revolutionary Guard Corps and especially (pursuant to paragraph 19) entities of the Islamic Republic of Iran Shipping Lines (article 20.1.a).

In addition to these provisions, decision 413 adds to this list significantly, including the names of individuals and entities involved in nuclear activities in Iran, as well as other high-level members and entities of the Islamic Revolutionary Guard Corps and the Islamic Republic of Iran Shipping Lines and entities which belong to them, are under their control or are acting for them (article 20.1.b).

VII. Provisions of decision 413 which refer to preambular paragraphs

1. The preamble to Security Council resolution 1929 (2010) (preambular paragraph 16) stresses the need to exercise vigilance over transactions involving Iranian banks, including the Central Bank of Iran, so as to prevent such transactions contributing to potential proliferation activities or to the development of nuclear weapon delivery systems. Decision 413 addresses this need by extending the restrictions in the financial sector in specific ways, including the following:

Vigilance measures covering all activities of financial institutions within the jurisdiction of member States (article 10.1);

Measures restricting fund transfers to or from Iran. The decision defines a mechanism for prior authorization from the competent authority of the member State concerned for any transfer (not responding to a humanitarian need) in an amount greater than 40,000 euros (article 10.3).

The preamble to Security Council resolution 1929 (2010) (preambular paragraph 17) notes that there is a potential connection between revenues derived from the Iranian energy sector and the development of proliferation-sensitive nuclear activities. The decision contains specific measures addressing this concern, in particular through the following provisions:

A ban on the sale, supply or transfer by member States of equipment and technology for such sectors of Iranian industry as refining, liquefied natural gas, exploration and production (article 4.1);

A ban on the provision of technical training and other services related to these sectors (article 4.2);

A ban on the granting of any financial loan or credit, on the acquisition of shares and on the creation of any joint venture with any enterprise in Iran engaged in the aforementioned sectors of the oil and gas industry (article 6).